GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:2373
ANSWERED ON:15.03.2007
PROCESSED FRUITS AND VEGETBLES IN A.P.
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Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether only 2% of fruits and vegetables in the country is estimated to be processed;

(b) if so, the potentials of each State particularly of Andhra Pradesh in processing of fruits and vegetables; and

(c) the steps/measures taken/being taken by the Union Government to boost the food processing industry in the country?

Answer

THE MINISTER OF STATE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAI)

(a) to (c): The utilisation of fruits and vegetables for processing is estimated to be around 2.20% of the total production. The major fruits and vegetables used, amongst other, for processing include mango, apple, pineapple, orange, litchi, mushrooms, tomato, potato, pea, chilly, garlic etc. There is large potential of fruit and vegetables processing in the country including Andhra Pradesh.

The Ministry of Food Processing Industries, under its plan schemes provides financial assistance up to 25% of the cost of plant & machinery and technical civil work subject to a maximum of Rs. 50.00 lakhs in general areas and 33.33% up to Rs. 75.00 lakhs in difficult areas for Technological upgradation / modernization and establishment of food processing industries including fruit and vegetables processing industries. In addition, under the Technology Mission for Integrated Development of Horticulture in North Eastern States, Jammu & Kashmir, Himachal Pradesh and Uttrakhand, higher levels of assistance @ 50% upto Rs. 4.00 crore for a setting up and Rs. 1.00 crore for upgradation of fruit and vegetables processing is allowed. The Government of India has also launched the National Horticulture Mission (NHM) for holistic development of Horticulture in the country.

Government has formulated and implemented several Plan Schemes to provide financial assistance for the establishment and modernization of food processing units, creation of infrastructure, support for R&D, human resource development besides other promotional measures to encourage development of food processing industries. In order to give boost to growth of FPI sector the Government has allowed in 2004-05, under Income Tax Act, a deduction of 100% of profit for five years and 25% of profits for the next five years in case of new agro processing industries set up to process, preserve and package fruits and vegetables. Excise duty of 16% on dairy machinery has been fully waived for promotion of dairy processing industries. Excise duty on meat, poultry and fish products has been reduced from 16% to 8%. Excise duty on food grade hexane used in edible oil industry has been reduced from 32% to 16%. In the Budget of 2005-06 excise duty of Rs. 1.00 per kg on refined edible oil and Rs. 1.25 per kg on vanaspati was abolished. Customs duty on refrigerated vans was reduced from 20% to 10%. In the Budget of 2006- 07, custom duty on packaging machines has been reduced from 15 per cent to 5 per cent, excise duty on condensed milk, ice cream, preparations of meat, fish and poultry, pectins, pasta and yeast has been fully exempted, excise duty on ready-to-eat packaged foods and instant food mixes, like dosa and idli mixes has been reduced from 16 per cent to 8 per cent, excise duty on aerated drinks has been reduced from 24 per cent to 16 per cent and excise duty on packaging paper has been reduced from 16 per cent to 12 per cent. Taxation has been lowered with a view to encourage the growth of Food Processing Industries. In Union Budget 2007-08, it has been proposed to reduce excise duty on biscuits (with retail price not exceeding Rs.50/kg) and all types of food mixes including instant mixes to 0% from 8%. Customs Duty on Food Processing Machinery is proposed to be reduced from 7.5% to 5%. These measures are designed inter alia to promote and link processing with production. In order to rationalise multiplicity of food laws, an Integrated Food Law i.e. The Food Safety and Standards Bill, 2006 has now been enacted. The main objective of the Bill is to bring about a single statute relating to food and establish Food Safety and Standards Authority with a view to lay down food standards, effective regulation and enforcement mechanism. However, Ministry of Health and Family Welfare is now the nodal Ministry for implementation of the Act.